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FM AMEMBASSY KINGSTON
TO RUEHC/SECSTATE WASHDC 3505
INFO RUCNCOM/EC CARICOM COLLECTIVE
RUEHAO/AMCONSUL CURACAO 0179
RHEFDIA/DIA WASHDC
RUEABND/DEA HQS WASHINGTON DC
RUMIAAA/CDR USSOUTHCOM MIAMI FL
RUCPDOG/DEPT OF COMMERCE WASHDC
RUEATRS/DEPT OF TREASURY WASHDC

UNCLAS SECTION 01 OF 02 KINGSTON 001737

SIPDIS

STATE FOR WHA/CAR (RANDALL BUDDEN), AND WHA/PDA
STATE ALSO FOR, INL/LP (BOZZOLO), EB/TPP, AND EB/IFD
STATE ALSO DOE CA/OCS/ACS/WHA (RUTH BRANSON)
STATE PASS OPIC FOR TABERNAKI
CUSTOMS MIAMI FOR LOWEN AND MAHABIR
SANTO DOMINGO FOR FCS, FAS, AND LEGATT
STATE PASS USTR FOR A. GASH-DURKIN
DOJ FOR OPDAT/R LIPMAN
TREASURY FOR FAIBISHENKO

SENSITIVE

SIPDIS

E.O. 12958: N/A
TAGS: [PGOV](#) [PREL](#) [EFIN](#) [ECON](#) [EINV](#) [PHUM](#) [ELAB](#) [IDB](#) [KIPR](#) [JM](#)
SUBJECT: KINGSTON POL/ECON ROUNDUP: August 22 - September 1, 2006

Ref: A) Kingston 1592
b) Kingston 1687

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1.(U)This month's topics:

-- Venezuelans May Return
-- Davies to be Replaced in PNP Seat
-- Tourist Arrivals Set Record
-- Tourism Investment Mounts
-- Moody's Bearish on Jamaica
-- Police Nab IPR Pirates

Venezuelans May Return

12. (SBU) According to a contact at the Ministry of Foreign Affairs and Foreign Trade (MFAFT), it is likely that a Venezuelan delegation will visit Jamaica in the near future to continue negotiating several of the agreements signed by Prime Minister Portia Simpson Miller and Venezuelan President Hugo Chavez in Montego Bay on August 14 (ref A). On August 18, Anthony Hylton, Minister at MFAFT, led a Jamaican delegation to Caracas to continue negotiating several of the agreements signed on August 14 (ref B).

Davies to be Replaced in PNP Seat

13. (U) As expected, Minister of Finance and Planning Omar Davies will resign his seat as People's National Party (PNP) Regional Leader. His replacement will be elected at a PNP regional conference scheduled to take place in Kingston September 1. It is expected that Phillip Paulwell, Minister of Industry, Technology, Energy & Commerce, will be elected as Davies' replacement.

Tourist Arrivals Set Record

14. (U) Stop-over tourist arrivals surged by 19 percent to 180,015 during July, the highest number recorded in any single month. The historical achievement was largely the result of increased advertising by the Jamaica Tourist Board. The growing number of Spanish chains in all three major resort areas has also helped foster the increase in tourism. The robust July performance brought stop-over arrivals for the January to July period to 1.1 million or 17.4 percent more than in the similar period of 2005. Cruise passenger arrivals were equally impressive for the month of July, jumping by 43.5 percent to 85,935. For the seven month period to July, cruise arrivals grew by 13.4 percent to 772,709. The US market (73.3 percent) continued to account for the vast majority of visitors followed by the UK (9.1 percent) and Canada (9 percent).

Tourism Investment Mounts

15. (U) Hot on the heels of investments by chains such as the Riu, Bahai Principe and Ibero Star, another Spanish chain, Fiesta and a number of Jamaican hoteliers have announced new projects. Fiesta Developments has received approval from the GOJ to construct a USD 150 million, 1,000-room hotel on Jamaica's north coast. Couples Group is also set to build a 370-room on the north coast at a cost of USD 57 million.

Moody's Bearish on Jamaica

16. (U) A leading international ratings agency, Moody's, has reaffirmed Jamaica's B1 foreign currency bond rating and stable outlook, but warned that the country's finances were among the weakest in the world in terms of debt-to-GDP ratio. The rating

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remains several notches below the investment grade of Baaa3, reflecting the GOJ's limited options to respond to shocks without impacting the fiscal accounts and the debt dynamics. In fact, Moody's said that if its ratings were based on purely quantitative issues, the ratings would have been downgraded as the country's debt ratios are not consistent with its B1 rating or even the entire B1 to C rating category. However, Moody's took the country's commitment to fiscal discipline and strong willingness to service its debt into consideration.

17. (U) At the same time, The Inter-American Development Bank (IDB) has put a hold on new capital loans for three years. In its "Country Strategy Report with Jamaica (2006-2009)", the IDB noted that the GOJ had promised approximately USD 76 million in 2004-5 for IDB-supported projects, but had actually invested only USD 19 million. As a result, they stated, they were unwilling to commit to any new investment loans. (Post will provide further analysis via septel.)

Police Nab IPR Pirates

18. (U) In their continued clampdown on copyright breaches and theft, the Jamaican police busted a massive bootlegging ring on August 18. Over 35,000 CDs, DVDs, and audio cassettes, valued at over USD 15,000, were seized during the operation. The police also seized computer equipment, CD burners, software and labels. Only two days earlier two persons were convicted for similar offences bringing the total number of people convicted to 42 in the last year and a half.

19. (U) Both a policeman and a prosecutor who have attended the US Patent and Trademark Office's Global Intellectual Property Academy's Enforcement Program were involved in this operation.

